

*Discussion Paper 153*

## ***Maquiladoras and Market Mamas: Women's Work and Childcare in Guatemala City and Accra***

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In many urban settings where formal-sector work predominates, market work and caring for children are separate activities that compete for a mother's time. Rural-to-urban migration often means moving away from extended family and a source of informal childcare. Coordination difficulties between hours and location of work and the availability of childcare may explain higher unemployment rates and fewer working hours for female-headed households. The scarcity of childcare is especially crucial for unmarried women, who may choose informal-sector jobs for their flexibility despite their low returns.

The situation in urban areas of developing countries is by no means uniform, however. Guatemala City, Guatemala, and Greater Accra, Ghana, represent two points along the spectrum with regard to the importance of formal and informal work, and thus the demand for formal versus informal childcare. This study attempts to determine whether childcare provision affects women's work and earnings by analyzing work, childcare arrangements, and earnings of mothers in the urban slums of these cities.

### ***Data***

The Guatemala analysis is based on data from a random sample of mothers with preschool children residing in one zone of Guatemala City in 1999, collected as part of an impact evaluation of the *Hogares Comunitarios* government-sponsored day-care program. The Ghana analysis is based on data from an integrated household survey in greater Accra covering 559 households as part of the Accra Urban Food and Nutrition Study (AUFNS).

Using this data, this paper examines the decisions of childcare choice and labor force participation of women in two urban areas where formal and informal sector work differ in importance. Previous studies on childcare choices have taken mother's work status as given. Although demand for childcare comes, for the most part, from working mothers, if a mother's work status is influenced by the availability of childcare, any

examination of the determinants and consequences of childcare choice should not be conditioned upon her work status. Both surveys contain data to address this difficult issue. Information on a mother's current situation, her background, her current household, her children, and her community was solicited from *all* mothers—working and nonworking—thus allowing childcare choices to be examined in conjunction with a mother's labor force activities.

### ***Results***

The results indicate that participation in the labor market and use of formal daycare are in fact joint decisions of mothers. In both Guatemala City and Accra, life cycle and household demographic factors, notably child age, appear to have important effects on both decisions. In both cities, higher household wealth reduces the mothers' chances of working, presumably via an income effect. Controlling for endogeneity of labor market participation and formal day-care use, in Guatemala City, day-care prices do not have a significant effect on earnings; neither does the number of day-care centers within a 10-minute walk affect earnings in Accra.

However, there are differences between the results from the two cities. In Guatemala City, maternal education is an important determinant of utilization of formal day care, but it does not have a large effect on whether she works for pay or not. In contrast, in Accra, maternal education does not affect either the demand for formal care or the decision to work.

In Guatemala City, greater travel time from home to the day-care center reduces utilization of this type of care, but a larger supply of day-care centers in the community does not affect use of formal care in Accra. The lack of importance of formal day-care supply variables in Accra—compared to the effect of some variables such as travel time to day-care centers in Guatemala—suggests that provision of formal day care may not be as critical an intervention to increase

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mothers' labor force participation rates in cities where the informal sector dominates such as in Accra. In more urbanized settings like Guatemala City, however, where the formal sector generates a higher proportion of jobs for women, formal day care is more important to mothers' decision to work.

### ***Conclusions and Discussion***

There were important differences in the determinants of maternal decision to work and the choice of childcare; there were also differences in the relative importance of these determinants between the two settings. The differences may have important policy implications. For example, in Guatemala City, higher time costs of using formal day care reduce its utilization. This suggests that interventions to increase the availability and lower the time costs of formal day care in poor urban areas have the potential to raise labor force participation rates of mothers residing in such neighborhoods, but not necessarily their earnings conditional upon their having entered the labor force. In contrast, in Accra, the availability of day care does not have a significant effect on the use of formal care, nor on earnings and days worked once choice of formal care and selection into the labor force are considered. Subsidizing formal day care in urban Ghana would, therefore, more likely benefit wealthier women.

Reducing barriers to women's employment is crucial to lifting women in the urban slums of Guatemala City and Accra from poverty. However, it is clear that the type of intervention will vary across these vastly different urban settings. Among the obstacles limiting the employment options of poor women is residence in households with high dependency ratios that are often headed by women. Changes in the structure of urban production toward more manu-

facturing and industrial settings mean employment opportunities for women will occur increasingly in settings that are not compatible with childcare. This trend is expected to increase the demand for nonparental childcare in urban Guatemala. Thus, lack of and high prices for childcare may decrease the earning potential of poor mothers.

In Greater Accra, however, the challenges for workingwomen are very different. A much larger proportion of mothers participates in the labor force, and concerns that limit women's labor force participation are more related to their responsibilities to provide care for children. Indeed, many mothers return to the labor force only because of economic necessity. Because the informal sector accounts for a greater proportion of employment and is relatively small, provision of formal daycare is not likely to be as important as increasing returns or job security in the sectors where most women are employed, such as petty trading and street foods.

The results from this comparative exercise suggest that women's employment and childcare are complex and interrelated decisions, but interventions to improve conditions of workingwomen will have to be tailored to the particular urban setting.

**Keywords: childcare, women's work, urban, labor force participation, Guatemala, Ghana**

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